

Board of Directors



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### **CERTIFICATE AS TO RESOLUTION**

I, JORGE A. RIVERA, Secretary of the Board of Directors of Government Development Bank for Puerto Rico, DO HEREBY CERTIFY that attached hereto is a true and correct copy of Resolution EC-2009-05 which was duly adopted by the Executive Committee of the Board of Directors of said Bank at its meeting duly called and held on August 28, 2009, at which a quorum was present and acting throughout. Said Resolution has not been in any way repealed, revoked, rescinded or amended, and is in full force and effect on the date hereof.

### **RESOLUTION EC-2009-05**

**TO AUTHORIZE A LINE OF CREDIT OF \$100,000,000 TO THE PUERTO RICO HIGHWAY AND TRANSPORTATION AUTHORITY (the "Authority") TO BE USED TO PAY BANCO POPULAR DE PUERTO RICO'S PORTION OF THE PUERTO RICO HIGHWAYS AND TRANSPORTATION AUTHORITY \$400,000,000 MILLION SUBORDINATED TRANSPORTATION REVENUE REFUNDING BONDS (SERIES 2008A).**

**WHEREAS**, Puerto Rico Highways and Transportation Authority (the "Authority") has accepted an offer from certain holders of the Authority's \$400,000,000 Subordinated Transportation Revenue Refunding Bonds (Series 2008A) (the "Bonds");

**WHEREAS**, Banco Popular de Puerto Rico, one of the holders of the Bonds, has confirmed its decision not to extend the maturity on \$100,000,000 aggregate principal amount of Bonds held by it, requiring payment in full of such Bonds prior to effecting the extension;

**WHEREAS**, the Authority has presently no financial resources to repay this portion of the Bonds, which become due August 29, 2009;

**WHEREAS**, failure to prepay the Bonds will represent a default on the terms and conditions of the Bonds;

**WHEREAS**, the Authority has proposed to repay this interim financing with the proceeds of the next bond issue to be made by the Authority; and

WHEREAS, the Bank is willing to provide such financing, but in an amount not to exceed \$100,000,000 in accordance with the terms and conditions herein below set forth, which the Bank understands will be enough to cover the immediate and urgent need of funds of the Authority;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Government Development Bank for Puerto Rico:

1. Financing for the benefit of the Authority in an amount of \$100,000,000 (the "Loan"), for the purpose of paying \$100,000,000 aggregate principal amount of Banco Popular de Puerto Rico's portion of the Authority's \$400,000,000 Subordinated Transportation Revenue Refunding Bonds (Series 2008A).
2. The principal amount of the Loan shall mature and be due and payable on August 30, 2011. Said principal amount shall be payable solely from proceeds of bonds to be issued by the Authority pursuant to the provisions of the respective sections of the Resolutions or from any available moneys of the Authority. The President of the Bank is hereby authorized to extend further, if necessary, the maturity date of the Loan from time to time, but in no event will the maturity of the Loan be extended beyond August 30, 2013. The Loan shall bear interest until paid in full at a rate or rates per annum determined in accordance with the Loan Agreement, to be entered by and between the Bank and the Authority (the "Loan Agreement"). Interest shall be payable monthly in arrears not later than the tenth Banking Day (as defined in the Loan Agreement) following receipt from the Bank of the statement referred to in the next sentence of this paragraph, from any available moneys of the Authority. Each month the Bank shall furnish to the Authority a written statement showing the amount of interest due and payable by the Authority on the Loan for the preceding month. The Authority may prepay the Loan at any time without penalty or premium. The Loan shall be junior and subordinate to outstanding bonds of the Authority and shall be subject to certain other terms and conditions, to be included in the Loan Agreement.
3. The execution and delivery by the President, the Executive Vice President, any Senior Vice President, or any Vice President of the Bank (the "Authorized Officials"), of the Loan Agreement by and between the Bank and the Authority are hereby authorized; provided that the Authorized Officials are hereby authorized to disburse the Loan immediately as an advance, which Loan shall be evidenced by a demand promissory note, in favor of the Bank, in the principal amount of the Loan (the "Demand Note"). Upon the execution of the Loan Agreement, the advances evidenced by the Demand Note shall be refinanced under the Loan Agreement and the Authority shall execute a new note in the principal amount of the Loan.
4. If there is no disbursement activity on this additional loan for a period of six months after its approval by the Board of Director of the Bank, the loan shall be cancelled automatically.

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5. This Resolution is intended to be a declaration of official intent under U.S. Treasury Department Regulation Section 1.150-2.
6. The President, the Executive Vice President, any Senior Vice President, or any Vice President of the Bank are hereby authorized to take all actions necessary of them to carry out the provisions of this Resolution, and to include other terms and conditions necessary to protect the Bank's interest.

The provisions of this Resolution shall become effective immediately upon its adoption.

IN WITNESS WHEREOF, I set my hand and the corporate seal of Government Development Bank for Puerto Rico, this 28<sup>th</sup> day of August, 2009.



JORGE A. RIVERA  
SECRETARY

(SEAL)